

# DOCKET SECTION

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

RECEIVED

JAN 28 4 11 PM '98

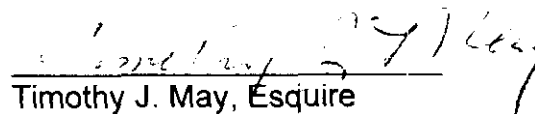
POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997: Docket No. R97-1

INTERROGATORIES OF PARCEL SHIPPERS ASSOCIATION  
TO UNITED PARCEL SERVICE WITNESS  
RALPH L. LUCIANI (UPS-T-4)

The Parcel Shippers Association (PSA) requests United Parcel Service to respond, fully and completely, to the following interrogatories and requests for production of documents pursuant to Rules 25 and 26 of the Commission's Rules of Practice and Procedure.

Respectfully submitted,

  
\_\_\_\_\_  
Timothy J. May, Esquire  
PATTON BOGGS, L.L.P.  
2550 M Street, N.W.  
Washington, D.C. 20037-1350  
Tel. 202/457-6050  
Fax. 202/457-6315

Counsel for Parcel Shippers Association

Dated: January 28, 1998

## **WITNESS LUCIANI (UPS-T-4)**

### **PSA/UPS-T-4-1**

On pages 22 and 23 of your testimony you criticize the Postal Service's proposed passthrough of 98% to 100% of the estimated mail processing costs savings in its proposed discounts, citing to the fact that in Docket No. R90-1 and Docket R94-1, the PRC only allowed a passthrough of 77% of the identified DBMC nontransportation cost savings. You ascribe the Commission's reasoning to the uncertainties surrounding the cost savings and state on page 23 that "the uncertainty surrounding the worksharing program has not diminished." Please document your statement that the uncertainty of DBMC cost savings has not diminished from the inception of the DBMC program.

### **PSA/UPS-T-4-2**

In your Table 14 on page 22 of your testimony, where you list your revised parcel post worksharing avoided costs and discounts, you have assumed a 100% mail processing labor cost variability, but have only passed through 77% of the avoided cost to compute your discount. Please explain how a particular mail processing labor cost, if it is 100% variable with volume, will not be avoided 100% if that labor is not performed on a parcel that bypasses that function.

### **PSA/UPS-T-4-3**

On page 24 of your testimony you dispute that the overall parcel post increase is 10.2%, claiming, rather, that it is 8.5% when the new rate discounts are taken into consideration. Please confirm that a mailer who receives a 20% rate discount for new worksharing and dropshipping, but who then must incur an additional 30% increase in

costs for mail preparation and transportation, will have effectively received a 10% increase in postal rates. If you cannot confirm, please explain why you disagree with the statement for reasons other than the fact that you may disbelieve the hypotheses.

**PSA/UPS-T-4-4**


On page 25 of your testimony you state that 96% of the volume that will qualify for the prebarcode discount is already being prebarcoded." Please supply any studies UPS has conducted to document your 96% claim, or cite to any studies that have been admitted into evidence in this proceeding if you are relying on studies or data produced by someone other than United Parcel Service.

**PSA/UPS-T-4-5**

On pages 48 and 49 of your testimony you argue that the Postal Service's proposed attribution of 100% of Alaska air costs to parcel post should be adopted by the Commission and that the Commission should no longer adhere to its previous handling of this category of costs. You further state, however, that if the Commission does continue to adhere to its previous treatment of Alaska air costs that it should, at least, attribute all of the nonbypass parcel post air expense. Please explain your reasons why nonbypass Alaska air costs should be treated differently by the Commission than the bypass air expense.

## CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing upon all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice.

  
\_\_\_\_\_  
Timothy J. May

Dated: January 28, 1998